DOCUMENT RESUME

ED 206 248 HE 014 330

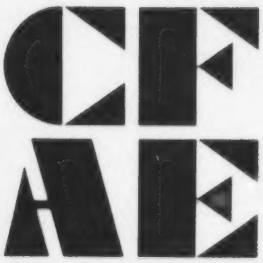
TITLE	How to Develop an Effective Program of Corporate Support for Higher Education.
INSTITUTION	Council for Financial Aid to Education, New York, N.Y.
PUB DATE	Jun 79
NOTE	24p.
AVAILABLE FROM	Council for Financial Aid to Education, 680 Fifth Avenue, New York, NY 10019 ($2.00).
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Colleges; *Educational Finance; Educational Philosophy; Educational Quality; Fund Raising; *Higher Education; *Industry; *Private Financial Support; Research; *School Business Relationship; Universities
IDENTIFIERS	*Corporate Support

ABSTRACT

Guidelines and rationale for a structured program of contributions that could be approved by top management and the board of directors and disseminated to shareholders and the public are provided for those seeking to reassess current corporate support and for those developing an educational support program. Corporate benefits in terms of educated personnel, basic research, public services such as hospitals, and applied research centers indicate the interdependence between the corporation and the campus. It is suggested that the quality of higher education relates directly to institutional diversity, freedom, and independence. Company philosophy, statement of policy, goals for educational support, and types of educational aid are components of a corporate educational support program. Suggested elements of a checklist for screening solicitations for corporate support of particular educational institutions include: purpose of the solicitation; nature of the institution; performance characteristics of the institution; the relationship between the institution and the company in terms of geography, instructional program, and employees; indirect tangible benefits to the company; breadth of voluntary support of the institution in the community, among alumni, trustees, and by other companies; and institutional report on its stewardship of the resources entrusted to it by various groups of contributors. The Council for Financial Aid to Education offers a research library and consulting services to interested corporate executives. (CC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED206248



Council for Financial
Aid to Education

HOW TO DEVELOP AN EFFECTIVE PROGRAM OF CORPORATE SUPPORT FOR HIGHER EDUCATION

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

CFAE

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

HE 014 330

CFAE

The Council for Financial Aid to Education (CFAE), a nonprofit service organization, promotes increased voluntary support of higher education by all sources, but especially by the corporate community.

CFAE was founded in 1952 by five prominent business leaders, the chairmen of United States Steel, General Motors, Exxon, Container Corporation and Armstrong Cork. The chairmen were Irving S. Olds, Alfred P. Sloan, Jr., Frank W. Abrams, Walter P. Paepcke and Henning W. Prentis.

CFAE staff members call personally upon hundreds of top-echelon businessmen every year to explain the financial needs of higher education and to enlist corporate support in meeting them. CFAE also conducts seminars and offers counseling services for corporate and college administrators. It publishes an annual report on voluntary support received by colleges and universities, an annual report on corporate support of higher education, special studies in fields related to educational philanthropy, "how to . . ." manuals and other materials designed to broaden the base of educational support.

CFAE sponsors the nationwide public service advertising campaign, "Give to the college of your choice," through the Advertising Council. This campaign has elicited as much as $34 million worth of free time and space from the media in a single year.

CFAE itself neither solicits nor disburses funds for higher education. Originally funded by four major foundations—the Carnegie Corporation of New York, the Ford Foundation, the Rockefeller Foundation and the Alfred P. Sloan Foundation —CFAE now draws its support from more than 400 leading American corporations.

June 1979

Council for Financial Aid to Education
680 Fifth Avenue, New York, N.Y. 10019
(212) 541-4050

Copies are available from
CFAE at $2.00 a copy, prepaid.

HOW TO DEVELOP AN EFFECTIVE PROGRAM OF CORPORATE SUPPORT FOR HIGHER EDUCATION

Introduction 4
- A Guide to Contributions Planning 4
- The Importance of Educational Support 4

The Rationale for Corporate Support of Higher Education 5
- Educated Personnel 6
- Basic Research 6
- Public Service 7
- The Environment—Cultural, Social, Economic and Political 7

How to Build A Program of Educational Support 9
- The Importance of Goals in Educational Giving 12
- The Need for Planning 13

Program Development—Types of Educational Aid 15
- Aid to Institutions 16
- Aid to Individuals 16
- Support of Education-Related Organizations 16

A Sample Checklist for Processing Requests for Support of Individual Colleges and Universities 19

Further Information and Counseling Available 21

CFAE Directors and Board of Advisors 22

One of a series of publications designed to increase corporate support of higher education produced by the Council for Financial Aid to Education (CFAE).

A complete list of CFAE publications may be obtained from the CFAE, 680 Fifth Avenue, New York, N.Y. 10019 212-541-4050.

INTRODUCTION

A Guide to Contributions Planning

The corporate contributions executive who is faced with the problem of drawing up a company's entire contributions program—not just that part of it dealing with support of higher education—may find unexpected help in these pages. Although the details will differ, the principles that guide the development of a sound contributions program for higher education can be applied to the structuring of the complete program. The need for establishing corporate objectives, for defining corporate self-interest, for developing a philosophy, policy, and program is as important to the complete corporate contributions program as it is to that part of the program which deals with higher education.

Support for higher education, however, constitutes the major part of most corporate contributions budgets—an average of 35% nationally, and more than 50% for many companies. It is, therefore, an ideal place to start program planning. Once the contributions officer is familiar with the principles and procedures outlined in this publication, they can be applied to the entire contributions program.

The Importance of Educational Support

In the quarter century between 1953 and 1978, corporate support of education increased from roughly $70 million to about $700 million. This extraordinary growth reflects the rise of corporate profits and an increase in the share of profits that corporations are willing to allocate to educational support. It also indicates expansion in the number of companies that believe that a significant level of financial aid to education is a matter of enlightened corporate self-interest.

Accompanying these developments has been an increasing application of business techniques and procedures to the processes of budgeting and planning for educational support. The character and composition of corporate aid-to-education programs are now typically structured to attain objectives that are consistent with other corporate goals. Educational support is now widely regarded as an "investment" of corporate funds, to be managed with the same care as is given to other business investments.

Business commitment to the support of higher education dates back to the earliest beginnings of higher education in this country. However, during the period when most businesses were sole proprietorships, giving was largely at the will of the business' owner. Since the owner had no one else to account to, written contributions programs were unnecessary. As corporations replaced proprietorships and as managers replaced owners, the need grew for a well thought out, defined and structured program of contributions that could be approved by top management and the board of directors and disseminated to shareholders and the public.

It is to this need that this publication is addressed. It provides a set of guidelines that represents the latest in corporate thinking. It can serve as a guide for

those who are starting from scratch to develop a support program. For those seeking to reassess existing activities, it will suggest perspectives that will lead to an intelligent restructuring.

It will guide any company in the development of an educational support program tailored to meet its own needs in the context of overall corporate objectives. And it will suggest the diversity of corporate action possible in this area.

For detailed accounts of the various types of educational aid, and the development and administration of specific programs, the interested executive should consult the companion publications in CFAE's "How to..." series.*

THE RATIONALE FOR CORPORATE SUPPORT OF HIGHER EDUCATION

The first question is clearly "Why?" The business corporation is, after all, organized to earn profits for its owners. Contributions to education and other causes have the net effect of reducing profits in the same way as do other business expenses. And like other business expenses, contributions can only be justified if they contribute to the profitability of the company in some defined way. For the bulk of the items that make up business expense, this ordinarily poses no problem, for they constitute the necessary costs of doing business.

In today's social environment, contributions are also an ordinary and necessary cost of doing business. This arises from the widespread expectation that in the exercise of corporate citizenship, the company will provide financial support to the charitable and educational communities in partial fulfillment of its social responsibilities. Clifton C. Garvin, Jr., chairman of Exxon Corporation and chairman of the CFAE Board of Directors, spoke to this issue recently. He said:

"A corporation... must be continually sensitive and responsive to the changing needs of society. This accountability involves a threefold obligation. First and most fundamental is the economic responsibility. Unless we can provide goods and services at a reasonable competitive price and thereby earn a profit, there isn't much else we can do.

"The second responsibility has to do with the direct impact our business has on society. This includes such matters as offering equal employment opportunities, providing safe working conditions and helping to protect the environment.

"Finally, we feel an obligation to help insure the general well-being of the society in which we operate. Although this third area embraces some activities

*How Corporations Can Aid Colleges and Universities.
How to Develop and Administer a Corporate Gift-Matching Program.
How to Develop and Administer a Corporate Scholarship Program.
Guidelines for a Corporate Fellowship Program.
The Whys and Hows of a Corporate Educational Loan Program.

that are also the province of government, business can—and should—play an active role in significant areas such as health care, community service, education and the arts." He went on to say, "At Exxon, we have elected to make support for higher education our most important philanthropic priority."

There is indeed a very special case to be made for corporate support of higher education. Such support is an important investment of the corporate dollar which serves the interests of the company and its stockholders. Because of the many threads of interdependence between the corporation and the campus financial support of the academic community will yield important benefits to the corporation and contribute to the long-run prosperity of business.

Educated Personnel

The most direct and tangible of these benefits arises from the role of colleges and universities as suppliers of educated personnel in all the professional, technical, and managerial fields that are needed by business. In many respects, a company is its people, even though their talents and skills are not capitalized and shown with other assets on the balance sheet. One matter of continuing priority to the top management of all corporations is the inflow of adequate numbers of new personnel with the needed combinations of education and ability. And in today's modern, technological society, college and university graduating classes are the only source of supply for the newly educated employees that the business community requires. Because other sectors of society have similar needs for educated people, the business world must compete for the available supply against government, the professions, and a host of other employers.

"Higher education and business are basically interdependent. One needs money to produce educated people, and the other needs educated people to produce money."
Milton S. Eisenhower
Former President, Johns Hopkins University

Basic Research

In a similar way, business support of higher education yields a return in the form of advances in human knowledge. It has become an accepted function of higher education not only to disseminate the knowledge inherited from the past but also to increase that store of knowledge through research. In the community of scholars that is at the heart of every campus, basic research is able to flourish to a greater extent and with greater productivity than in any other setting. And out of these gains in knowledge come new ideas which practical individuals can mold into products and processes of direct and tangible benefit to business and society generally.

Just as it needs educated employees, the business community must rely on

the fruits of basic research for long-run prosperity and growth. The acceleration of technological advance in virtually every field of human endeavor has put a premium on innovative research and development leading to new and improved materials, processes, and products, not only as a response to consumer demands and the need for continuing gains in productivity, but also as a matter of competitive excellence in national and international markets. This innovative research and development is, in an important measure, made possible by the "fall-out" from the basic research that is concentrated on the campuses of institutions of higher education.

Public Service

Another area of corporate benefit arises from the public service functions of colleges and universities. Some of these functions are well established and conventional, such as institutionally related hospitals, recreational and cultural programs on campus, and certain kinds of applied research centers. In recent years, however, colleges and universities have entered new areas of community involvement that relate to some of the pressing social problems of the day. These range from the provision of special facilities, such as day-care centers for the children of working mothers, to the establishment of special programs for the foreign-born, the aged, and the handicapped. Colleges and universities now provide assistance in urban planning and rehabilitation, advisory services for small businesses, medical and dental clinics for low-income families, and are active in the preservation of historical structures.

Most of these public service functions are identical to the kinds of activities that have come to be asked of business under the concept of "corporate social responsibility." To the extent that the self-interests of the business community move it to become involved in these areas, there are clearly defined advantages in providing support to institutions of higher education for cooperative activities. There are economies of scale and efficiencies from nonduplication and from the use of the particular expertise of academic institutions. There is a positive public relations value in being associated with successful programs that are responsive to community needs. And there is an obvious gain to the corporation from the strengthening of its other relationships with the campus.

The Environment—Cultural, Social, Economic, and Political

Another element in the rationale for corporate support of higher education is that it helps to insure a supply of talent for the nation and the world—statesmen and journalists, musicians and historians, community leaders and theologians, painters and anthropologists, astronauts and philosophers, doctors and professional men and women in all areas of life. These people are essential in maintaining the cultural character of society that is so important to the quality of life.

There are other threads of interdependence between the corporation and the

campus which in many respects have the greatest long-run value to private enterprise in a free, democratic country.

The most important of these has to do with the vitality and quality of higher education itself. It is not sufficient to the needs of business that colleges and universities merely be able to supply educated men and women, to undertake basic research, and to offer opportunities for shared responses to the public service demands of society. There is also a qualitative element to these functions of educational institutions that is important to business. Education, research, and public service must be of high quality if they are to serve well the needs of business. And the quality of higher education in this country relates directly to institutional diversity, freedom, and independence.

"The educational level of our population is, of course, much more than a potent economic asset. It is the foundation of our civilization and the determinant of the quality of life in this nation."

Gerald L. Phillippe
Former Chairman, General Electric Company

One great strength of higher education in this country lies in the extraordinary mix of institutions: large and small, public and private, religious and secular, technical and general. This diversity is a reflection of the pluralistic character of our society. It breeds academic competition in terms of both standards and performance, and it enables the academic community to respond effectively to the diverse demands and interests of its constituencies.

The corollary necessity is freedom from external control of academic pursuits and independence from the arbitrary dictates of government. Only in an atmosphere of freedom and independence can higher education attain and maintain the highest levels of quality in its production of educated people, in its research, and in its provision of public services. The key to continuing independence lies in a diversity of the sources of funding. Corporate support of higher education contributes to the preservation of institutional freedom by providing an alternate source of funds. While corporate dollars may be small in relation to the total budget of any individual college or university, they enhance the freedom and flexibility of the institution to pursue the goal of quality in all its activities.

Another important consideration is that the educational profile of the population has much to do with the environment in which business must function. Education is of immense value in economic growth and development, in the determination of standards of living, and in the formulation of the political arrangements which govern the relationships between business and the rest of society. Education influences the level and character of personal aspirations, which have much to do with the level of consumer spending and the way individuals respond to advertising, product design, and other marketing

devices. Education is also an important factor in productivity growth, and this has an important impact on the demand for heavy construction and capital goods of every description.

Finally, it should be noted that the climate in which business operates is a product of the social attitude toward business in general and toward the conduct of corporate enterprise in particular. Other factors aside, these attitudes reflect both the level and the quality of the population's education. Among other things, education illuminates the relationships between the economic system and the political structure, as well as means by which society achieves the ends desired by its citizenry. The more independent the educational establishment is to provide objectivity rather than dogma, the more likely it is that the social attitude toward business will be conducive to the maintenance of free enterprise.

In the long run, it is the totality of ideas fostered by higher education that determines the kind of society desired and the means by which it is achieved and preserved. Business has an obvious stake in the outcome of this determination, and one of the channels through which it can influence that outcome is its support of colleges and universities on a selected, self-interest basis.

HOW TO BUILD A PROGRAM OF EDUCATIONAL SUPPORT

An important segment of the business community has for many years acknowledged that it has both a right and an obligation to provide financial support to higher education and that such support is very much in the interests of the corporation and its owners. The number of companies that have come to this realization is growing, and more and more companies are joining the aid-to-education movement. Although an appreciable number of leading companies have succeeded in developing well-structured programs of educational support, there are many that are still in the various stages of experimentation that constitute "learning by doing."

Some experimentation is perhaps inevitable. There is, however, a procedure for developing an aid-to-education program that maximizes the company's return on its investment at an early stage in the development process, and does so in a way that is consistent with the other objectives that the company wishes to achieve. This procedure avoids the easiest and most natural approach which is essentially the adoption of an *ad hoc* program. Instead, it begins with the recognition that the best results can be obtained with a **structured** program for support of education that takes into account the specifics of the company's own self-interest, its organizational and technological character, and its many relationships to higher education.

The procedure recommended by CFAE involves four overlapping elements:

- Philosophy
- Policy
- Planning
- Program

Each of these elements provides an opportunity for the corporation to assess its educational support objectives in the context of other company goals, and to consider those aims in relation to the company's own needs and resources. Through this approach, any company can develop a structured program that is meaningful to the firm itself, tailored to its own requirements, and appropriate to its means.

Perhaps the most difficult element is the first: **philosophy**. Yet it is the most important, for it gives integrity and meaning to the concept of corporate support of higher education. It is also fundamental, because it deals with the **why** of educational support. This means that someone in the company must develop an explicit rationale for giving to colleges and universities based upon a careful examination of the relationships between the firm and higher education and an evaluation of those relationships in the light of all the factors that determine the company's well-being.

"Our aid-to-education program must be approached in a manner that makes it an integral part of our business enterprise. Of great concern to me is that so often support to higher education and other areas of the nonprofit sector falls outside the mainstream of the corporate decision-making process."

C. Peter McColough
Chairman, Xerox Corporation

It is appropriate for the top management of any corporation to ask, "Why should we give anything to higher education at all? What difference would it make to the future of this company if some institutions failed financially, or succumbed to takeover and control by the government?" Such questions go to the core of the process of developing a corporate philosophy and they need to be addressed carefully and honestly.

One such approach, of special interest in view of the prospective stresses that will be faced by higher education in the 1980s, relates to the business stake in continued academic quality. The growth of federal government support of higher education in the 1960s and 1970s, and the attendant growth of federal regulations and social mandates, has become a matter of concern to many business leaders as a threat to the financial and academic independence of all colleges and universities. These kinds of considerations need to be addressed candidly as part of the process by which a company develops its objectives for educational support. Those objectives may be very specific or fairly general; in

either case they should be spelled out explicitly.

> **"In recognition of the interdependence between ITW businesses and the educational community, we have established educational giving as an important investment opportunity."**
>
> **Educational Investment Policy Statement**
> **Silas S. Cathcart**
> **Chairman, Illinois Tool Works, Inc.**

The companies whose aid-to-education programs are described in the *CFAE Casebook* list a number of objectives. These include:

- to assist educational institutions in maintaining their strength and service to the business community;
- to assist higher education in extending the horizons of knowledge to American youth;
- as an investment in the primary sources of the skills needed by our society in the future;
- for excellence in education, for the direction our civilization will take is dependent upon the ability of our educational institutions to train young men and women for their responsibilities as tomorrow's leaders;
- to foster and maintain an academic environment conducive to the preservation of the free enterprise economic system in a politically democratic and pluralistic society.

Once management has come to an agreement on its philosophy in regard to the support of higher education, the company is ready for the second step: to draw up a statement of **policy.** This step is second in importance only to the rationale for educational giving, for a policy lays down the guidelines for action and establishes the scope and character of the company's entire aid-to-education initiative.

> **"We cannot expect middle levels of management concerned as they are with day-to-day operations, to provide the initiative. It is up to us at the senior level to see that the job gets done."**
>
> **Clifton C. Garvin, Jr.**
> **Chairman, Exxon Corporation**

A policy statement should be written out by top management and approved by the corporation's board of directors. That policy can then be carried out by corporate management with full authority and accountability. It guards against quick judgments and insures consistency over time as executive leadership changes. A sampling of such statements is available in the CFAE publication *A Sampling of Corporate Statements on Social Responsibility, Contributions Policies and Procedures.*

The Importance of Goals in Educational Giving

One fundamental requirement of an aid-to-education policy is an explicit statement of the company's objective in terms of the dollar level of educational support. This implies an ultimate goal, in some kind of quantitative terms, toward which the aid-to-education effort will be aimed. Such a goal is as vital a part of educational support policy as it is in any other area of corporate policy. It defines the scope of the corporate effort so that there will be a clear understanding of the company's intentions; it provides a basis for long-range planning; and it establishes a standard against which to measure year-to-year performance. **It is important to recognize the need to integrate the decision on goals for educational giving with other corporate decisions.**

With the exception of the Corporate 1% Program in Cleveland, the adoption of goals for corporate giving to higher education is a relatively new development and one which arose within the business community itself.

The choice of a particular goal will normally rest on the consideration of several factors:

- the value of the benefits, tangible and intangible, that the company has received from higher education;
- what the company can afford to give, in terms of profits or some other appropriate index;
- what the company's peers are doing—companies of similar size and character, competitors, suppliers, etc.;
- other demands on the company's contributions dollar, and the importance of those demands relative to higher education;
- the impact of educational support on the company itself, its relations with employees, stockholders, the press, and the public.

These factors are merely suggestive of those that should be taken into account in setting a goal. In each case, the company is its own best judge of

---

"I have no doubt that goals for giving will ultimately take their place in corporate planning alongside goals for marketing, production and research. More and more executives are becoming aware of the close relationship that exists between the future health and independence of educational institutions and the future progress and freedom of corporate enterprise."

John T. Connor
Chairman, Allied Chemical Corporation

---

which factors are most important, and in the last analysis it is its own best judge of the most appropriate goal for its aid-to-education program. The important thing is that the amount of educational support not be left to an offhand kind of decision, that there be a well-defined goal of some kind

consonant with the company's interests. Such a goal need not be fixed forever; rather, the goal should be reviewed periodically with other elements of corporate policy and revised in the light of changed circumstances.*

The Need for Planning

Having established a philosophy and having developed a policy with an appropriate goal for educational support, the next step is **planning.** Here the term has two meanings. The first is a top management obligation: the development of an appropriate mechanism for carrying out corporate policy, a mechanism that involves both ways and means. The second involves lower-level management responsibility: development of an outline, or blueprint, based on the company's philosophy and policy, as discussed earlier, to serve as a path for reaching the company's goal for support of education.

In terms of a mechanism, the first question concerns delegating authority and responsibility for the corporate educational support program within the management framework. One or more corporate executives should be assigned to the task of implementing corporate policy. In the typical case, this means a vice president, usually the person with line responsibility for public relations, finance, employee relations, community relations, and/or similar functions. Often a small committee of department heads or other executives, with perhaps one or more outside consultants, is appointed to assist in reviewing plans, developing budgets, and approving programs. Ultimately, the actual administration of an aid-to-education program must be assigned to some individual, and, depending on the size and complexity of the program, this executive must be given the necessary resources in terms of time and clerical assistance to function effectively and efficiently.

Second is the question of how the company's support of education should be disbursed. For many companies, this is a simple matter, involving no more than disbursements made by the treasurer on the authority of the contributions committee or the contributions executive. Other companies may find it desirable to establish a sponsored foundation.

The decision as to whether to utilize a foundation as a conduit for charitable giving is a complex one, involving questions of law and taxation as well as corporate character and structure. A detailed discussion of this issue is beyond the scope of this publication, but one overriding consideration should be mentioned. The principal purpose and advantage of a corporate foundation is to give stability to the company's contributions against the ups and downs of the business cycle. It follows, therefore, that the more volatile the company's business, the more desirable it may be to create a foundation to insulate the company's aid-to-education program from fluctuations in earnings.

A third consideration is one of integration. Corporate support of education should be coordinated with other corporate activity. It should be integrated

*A more complete discussion of corporate goals in support of higher education can be found in CFAE's *New Goals for Corporate Giving to Higher Education.*

with research, production, and marketing as well as with the public relations, personnel, and other staff functions. The question of centralization or decentralization of aid to education may also arise, depending upon the company's organizational structure. The posture of each department, branch, and subsidiary may be affected by what the company does in the way of educational support, and this dictates that there should be in-house publicity and communication and the opportunity for an internal exchange of information, ideas, and advice in the development of the aid-to-education program.

Finally, top management must assure itself that the mechanism established provides for periodic proposals to management by those responsible for the administration of the program, with each proposal setting forth the details of proposed projects and a budget. In addition, there should be some provision for periodic reporting and evaluation, with ample opportunity for review. Such machinery is indispensable if the policies of the corporation are to be carried out smoothly and efficiently.

At the lower level of management, the need for planning is merely a reflection of good business practice. Information needs to be assembled, ideas need to be proposed and weighed, and alternative courses of action need to be explored and evaluated. Out of this process will come the decisions regarding the character and scope of the company's program of educational support and the time schedule by which it should develop.

This kind of planning must be continuous. The economic, political, and social environments are constantly changing, the company's circumstances are typically in a state of flux, and as the company adapts itself as a business enterprise to these kinds of developments, it needs also to reassess its stake in higher education. Its plans, therefore, should be flexible and capable of periodic revision so that programs of educational support constantly reflect the company's best interests.

One planning tool is a worksheet of some kind. A planning worksheet should include a statement of company objectives, followed by a tabulation of information relevant to the company's dependence on higher education. This might include, for example, an educational profile of the company's personnel and an outline of its recruiting plans. There should also be listed the company's particular interests in such areas as research, new technologies, products, and processes, new marketing strategies, and similar items relevant to the company's long-term business plans. Elements of community involvement are likewise important. In short, the list should include everything for which there is a clear relationship between the company and higher education.

The virtue of this approach lies in the development, in writing, of an orderly sequence of the considerations that should be taken into account in planning. It insures that the decisions reached will be consistent with the company's interests and defensible both within the corporation itself and against inquiry from the outside.

PROGRAM DEVELOPMENT—TYPES OF EDUCATIONAL AID

The final element of procedure involves the formulation of a structured **program** of educational support. Whatever the company's philosophy and policy, whatever mechanism is established, and whatever plans are developed, it ultimately becomes necessary to think in terms of the specifics of an aid-to-education program. To whom will educational support be given? In what amounts? For what purposes? Under what conditions, if any? These questions imply a hard look at all the information assembled on the planning worksheet and the consideration of several related issues:

- Study your need for people. Where did you get your present college graduates? What kind of education did they have? How are you using them?
- What are your anticipated needs for new employees during the next four or five years? Where are you most likely to find them? What have your recruiting experiences been?
- Review your need for knowledge. Where have the ideas and discoveries which are important to your company come from in the past? What relationships, if any, do you have with individuals and institutions doing research in areas of special interest?
- What will you need to know tomorrow that you do not know today? From what sources is this knowledge likely to come?
- As a matter of community and employee relations, what is your dependence upon institutions of higher education in those places where the principal concentrations of your people and facilities are located?
- Are you involved, or should you be involved, in the support of any noneducational programs in which colleges and universities are also involved? Are there any opportunities for cooperation?

These are but a few of the important questions relevant to the specifics of a program of educational aid. Such inquiries will inevitably lead to a profile of the kinds of educational support the company should provide, and from this profile it is but a step to the details of the actual program. Initially, a company may wish to establish a program of limited scope so that it can gain experience, and then, with experience, expand into new areas of educational support.

At this point, therefore, it is desirable to outline the types of educational aid that have become common in the business community and to suggest some of the new directions in which some of the leading companies are moving to increase their returns from investment in higher education. The following is a categorization of the conventional types of corporate support; the list is by no means exhaustive.

Aid to Institutions

Unrestricted operating grants
Departmental grants
Research grants
Student-aid grants
Library grants
Support of capital campaigns
Special program grants
Endowment grants
Sponsored professorships
Employee matching-gift plans
Cost-of-education supplements (to scholarships, fellowships, and tuition-refund plans)
Equipment and material assistance
Support of cooperative fund-raising associations of colleges

Aid to Individuals

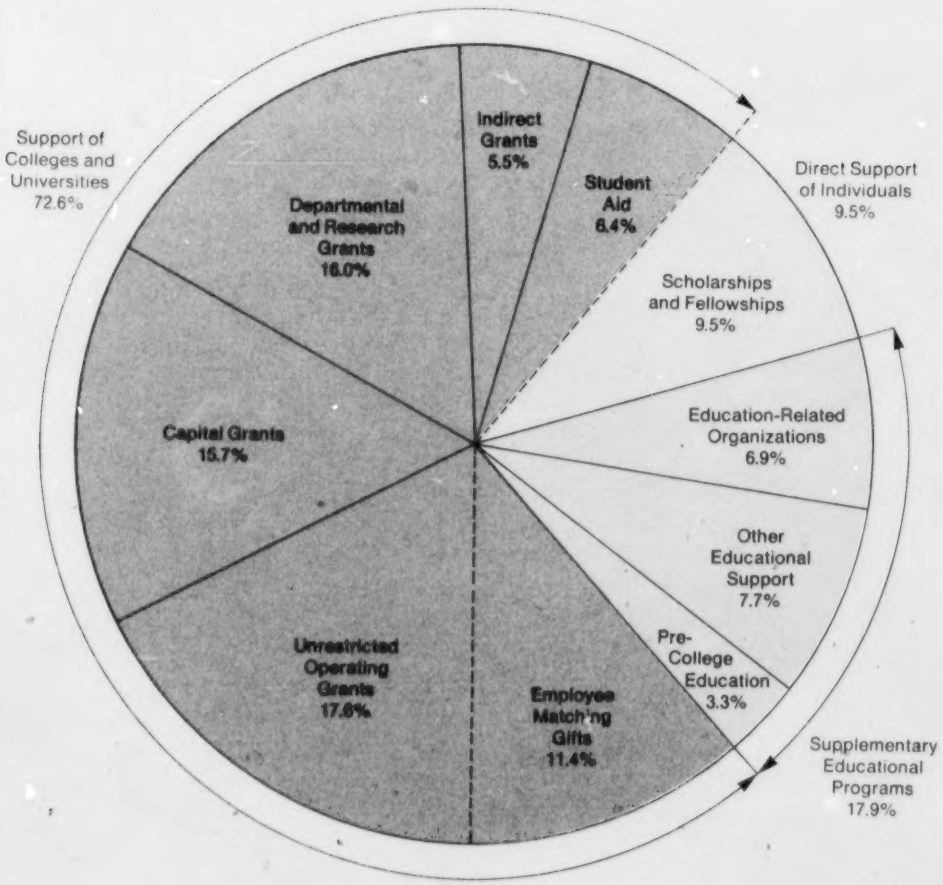
Scholarships
Fellowships
Indirect scholarship/fellowship support via organizations that aid students
Internships
Cooperative education programs
Faculty fellowships, internships, and awards

Support of Education-Related Organizations

National organizations:
College and university associations
Educational associations
Special-purpose organizations
International organizations

Many of these types overlap, and one grant may fit more than one category; for example, a departmental grant may be either unrestricted or designed for research, for fellowships, for faculty support, or other purposes. In addition, there has emerged in recent years a long list of considerations that have led to special-purpose support. This would include support of international programs and institutes, support of liberal arts programs, support of minorities, women, the handicapped, and other special categories of students, support of professional training, and support of special projects designed to improve institutional management, curricula, and teaching. While such support can be described in terms that fit the above categories, it is important to recognize that it constitutes a different dimension of interest, one that focuses more on impact than form.

Corporate Support of Education, by Purpose, 1977*



*Based on data from 806 companies participating in the annual *Survey of Corporate Contributions* sponsored by the CFAE and The Conference Board.

What the colleges say

A recent Louis Harris survey asked colleges what **forms** of corporate financial aid are viewed as being very useful. The answers provide the key to what will and what won't wash in terms of corporate giving and corporate relations with the academic community:

"At the top of the list, with 75% of respondents favoring, are unrestricted operating grants. Aid to students (scholarships, fellowships, education loans, work-study programs) came next with 72%, and endowment grants, 60%. Capital grants other than endowment, 59%; endowed chairs and faculty salary support, 58%; library grants, 57%; grants for special projects initiated by colleges and universities (note initiated by the institution, *not* by business), 55%.

"What this adds up to is a reflection of college needs, as well as the notion that if corporations are going to give they should give without strings attached, where the need is, and in terms of functional necessity, not in terms of earmarked self-interest. Many kinds of corporate giving got less widespread support: aid to minority students, 45%; departmental grants, 44%; employee matching plans, 38%; grants for specific research, 37%; cost-of-education supplements, 35%, fund-raising incentive awards, 32%; grants to study teaching methods in specific fields, 24%; and at the bottom of the list, grants for special projects initiated by business, 21%. You see here a justaposition; on one hand the extreme 75% who ask for unrestricted operating monies, on the other those that object to self-interest grants serving only the corporation."

Reprinted from *The Welcome Mat Is Out,* a CFAE publication.

Examples of the types of programs listed above as well as other kinds of educational support will be found in the detailed descriptions of specific company programs listed in the *CFAE Casebook*. In each instance, the company has selected the combination of forms of aid that is most compatible with its own interests and its own objectives. Many programs feature innovative forms of support or unique contribution arrangements in which the company has a special interest.

The final step in program development is the identification of the actual recipients of the company's support funds. These choices may, of course, be made simultaneously with the development of the company's program. In any case, the selections must be made in terms of the company's relationship to the educational community. This relationship will reflect the kinds and degrees of involvement in the affairs of specific colleges and universities on the part of company personnel, as well as any academic involvement in the affairs of the corporation. Examples of these kinds of initiatives are included in the CFAE publication *Interface*.

Whatever the dollar amounts and objectives of education grants, any contribution to a college or university should be strengthened by an increase in communication between the corporation and the campus. This can be a two-way learning experience with benefits to both parties. The *Interface* examples suggest strongly that this kind of business-academic relationship can multiply many times the value of the dollars invested in higher education.

One final word on identifying institutions to be supported. The obvious choice for support may initially appear to be one or more institutions with strong faculties in the principal areas of corporate interest. On the other hand, the company may well realize a greater return on its investment if some of its support is directed to institutions whose faculties in those areas are in need of strengthening. The choice between supporting an already strong department and one that needs strengthening will depend on a thorough analysis and appraisal of needs and potential results, and no generalization is possible. This does, however, illustrate the necessity for careful research in the development of an optimum program of educational support.

A SAMPLE CHECKLIST FOR PROCESSING REQUESTS FOR SUPPORT OF INDIVIDUAL COLLEGES AND UNIVERSITIES

With the growth of corporate support of higher education and the increase of financial need of educational institutions, there has been a significant increase in the efforts of colleges and universities to obtain corporate support. Every corporate contributions officer is aware of a steady flow of telephone calls, personal visits, and written appeals for funds in support of particular institutions.

Since no corporation can be responsive to every appeal, all such requests must be screened in order to eliminate those that do not fit the company's program. Even for those that remain, budgetary limitations and other considerations dictate the application of some criteria in order to select those which the company should support.

Virtually every company that has an aid-to-education program follows some kind of a specific procedure for making its selections, and many of these procedures involve a formal "checklist" to insure that certain minimum information about an institution is assembled and available for review.

The first and last question to be answered, of course, is, **does the appeal fit into the company's objectives, policies, programs, and budget?** If the answer is yes, the company may wish to review the following questions. The weight given to each of the questions listed will inevitably vary from corporation to corporation, and from time to time in terms of the changing emphasis in the individual company's program. The list is, however, suggestive of what many companies believe to be important.

Suggested Elements of Checklist for Screening Solicitations for Corporation Support of Particular Educational Institutions

I. CHARACTER OF THE SOLICITATION.

a. Is the appeal general or specific?
b. For what purpose is the money being sought?
c. Does the appeal indicate why it would be in your company's interest to support that particular institution or project?
d. Does the appeal suggest any opportunity for future involvement of your company with the institution other than as a donor?

II. WHAT IS THE NATURE OF THE INSTITUTION?

a. How is it controlled? Public or private?
b. What is the level of instruction? Two-year, four-year, graduate?
c. What kinds of degrees does it offer? General or professional?
d. Is it accredited?
e. Does it serve a special constituency—women, blacks, Spanish-Americans, other?
f. Size—enrollment, budget.

III. WHAT ARE THE PERFORMANCE CHARACTERISTICS OF THE INSTITUTION?

a. Reputation
   1. Is it known for any unique element of its program?
   2. Are there specific departments that are outstanding?
   3. Are there people of unusual distinction among faculty and/or administration?
b. Quality
   1. Does it do an acceptable job?
   2. Does it attract able students?
   3. Are there chapters of national scholastic societies on campus?
   4. Have its graduates achieved any unusual distinctions?

IV. WHAT IS THE RELATIONSHIP BETWEEN THE INSTITUTION AND THE COMPANY?

a. Geographic—is the campus (or one of the campuses) located close to a company-owned or operated facility?
b. Instructional program—does it relate to the company's interests?
   1. Does it offer degree programs or courses in fields related to company's products or services and/or technologies?
   2. Does it offer instruction in management techniques or other programs of value for management development?
   3. Does it offer opportunities for continuing education for company's employees in areas of interest and value? How many employees are taking courses?
   4. Does it have special programs or courses in subject areas of particular interest to the company?
   5. Is there anything about the institution's program that relates to the company's image or identity, to its advertising themes, or to areas of philanthropic interest?
   6. Does the college or university add to the cultural resources of the community? Concerts, sports events, theater, radio station, etc.?
c. Research programs and facilities—do they represent areas of interest to the company?

1. Does the institution carry on a significant research activity in fields related to the company's product lines, raw materials, production technologies, etc?
2. Does the institution's research staff cooperate with company technical personnel?
3. Are the results of the institution's research made public fully and promptly? Are the data freely available?
4. Is there any unique tie-in between the research program and any area of particular interest to the company?

d. Employees—has the institution been an important source of new personnel?
   1. What proportion of company employees are graduates of the institution?
   2. Is the current flow of new employees from the institution's graduating class at a satisfactory level? Are they of acceptable caliber?
   3. Is the current recruiting relationship satisfatory?
e. Other—bearing in mind that the public interest may involve important indirect and intangible benefits to the company, is support of the institution in the public interest?

V. HOW BROAD IS VOLUNTARY SUPPORT OF THE INSTITUTION?

a. Its trustees—are they committed financially?
b. Its alumni—are they well-organized and contributing at acceptable levels? What proportion of the alumni participate in the Annual Fund?
c. Its community—do the local citizens and businesses support the institution?
d. Other companies—who are the most prominent contributors? Are they related to your company as competitors, customers, suppliers, etc?
e. Does the institution report on its stewardship of the resources entrusted to it by various groups of contributors?

FURTHER INFORMATION AND COUNSELING AVAILABLE

Those interested in initiating, expanding or improving a corporate aid-to-education program are invited to write, telephone, or visit the Council for individualized assistance. In addition to publications on corporate and other voluntary support of education and on many related subjects, the Council offers, without charge or obligation, the consulting services of its senior staff and the facilities of its research library to interested corporate executives. These resources are made available to the business community in order to further the corporate aid-to-education movement and to promote the interests of both higher education and business.

CFAE Board of Directors

Clifton C. Garvin, Jr., *Chairman*
Chairman, Exxon Corporation

Raymond C. Johnson
Chairman, Executive Committee
Retired Vice Chairman
New York Life Insurance Company

Courtney C. Brown
Honorary Director and Treasurer
Dean Emeritus, Graduate School of Business
Columbia University

James G. Affleck, Chairman and President
American Cyanamid Company

Ernest C. Arbuckle, Retired Chairman
Wells Fargo Bank, N.A.

Frank T. Cary, Chairman
International Business Machines Corporation

Samuel DuBois Cook, President
Dillard University

George S. Dively, Chairman
Financial Policy Committee
Harris Corporation

Harold L. Enarson, President
The Ohio State University

James L. Ferguson, Chairman
General Foods Corporation

John T. Fey, Chairman
The Equitable Life Assurance Society of the United States

Richard C. Gilman, President
Occidental College

Floyd D. Gottwald, Jr., Chairman
Ethyl Corporation

Thomas A. Graves, Jr., President
College of William and Mary

Hanna H. Gray, President
The University of Chicago

Philip M. Hawley, President
Carter Hawley Hale Stores, Inc.

Timothy S. Healy, S.J., President
Georgetown University

Walter S. Holmes, Jr., Chairman
C.I.T. Financial Corporation

Charles E. Hugel, Executive Vice President
American Telephone and Telegraph Company

Edward R. Kane, President
E. I. du Pont de Nemours & Company

George F. Kirby, Chairman and President
Texas Eastern Corporation

J. Edwin Matz, Chairman
John Hancock Mutual Life Insurance Company

Harold W. McGraw, Jr., Chairman and President
McGraw-Hill, Inc.

Martin Meyerson, President
University of Pennsylvania

Steven Muller, President
The Johns Hopkins University

Frank Newman, President
University of Rhode Island

Lewis T. Preston, President
Morgan Guaranty Trust Company of N.Y.

John C. Sawhill, President
New York University

John G. Smale, President
The Procter & Gamble Company

Roger B. Smith, Executive Vice President
General Motors Corporation

A. Dean Swift, President
Sears, Roebuck and Co.

CFAE Board of Advisors

John W. Berry, Chairman
L. M. Berry and Company

R. Manning Brown, Jr., Chairman
New York Life Insurance Company

Berkeley G. Burrell, President
National Business League

E. Y. Chapin, III, Chairman
Rock City Gardens, Inc.

Edward S. Donnell, Chairman and President
Montgomery Ward & Co., Inc.

Gaylord Donnelley, Chairman
Executive Committee
R. R. Donnelley & Sons Company

Curtiss E. Frank, Retired President
Dun & Bradstreet, Inc.

William T. Gossett, Partner
Dykema, Gossett, Spencer, Goodnow & Trigg

William D. Grant, Chairman and President
BMA Corporation

Leland H. Johnson, President
First National Bank of Oregon

James W. Keay, Chairman
Republic National Bank of Dallas

Malcolm MacNaughton, Chairman
Castle & Cooke, Inc.

Dean A. McGee, Chairman
Kerr-McGee Corporation

Ruben F. Mettler, Chairman
TRW Inc.

J. Irwin Miller, Chairman
Executive Committee
Cummins Engine Company, Inc.

Gustave H. Moede, Jr., President
Wisconsin Telephone Company

Franklin D. Murphy, Chairman
The Times Mirror Company

Robert T. Person, Chairman
Public Service Company of Colorado

A. Byron Reed, President
Munsingwear, Inc.

Henry R. Roberts, Chairman
Connecticut General Insurance Corporation

Frank Smathers, Jr., Chairman
Flagship First National Bank of
Miami Beach

Charles G. Steele, Managing Partner
DeLoitte, Haskins & Sells

Eugene F. Williams, Jr., Chairman
St. Louis Union Trust Company

William W. Wyman, President
Management Consulting Group
Booz, Allen & Hamilton Inc.

George G. Zipf, Chairman and President
The Babcock & Wilcox Company

CFAE Staff Officers

John R. Haire, President

Hayden W. Smith, Senior Vice President
Z. Kriz Bent, Vice President
Edward M. Crane, Jr., Vice President
John W. Hubbell, Vice President
Arthur C. Kammerman, Vice President
DuBois S. Morris, Jr., Vice President
Anne Ellison, Secretary
Joan McC. Lundberg, Editorial Associate

West Coast Representative
William W. Gordon
P.O. Box 2183
La Jolla, California 92038

The Ohio 1% Committee
The Alcazar
Cleveland, Ohio 44106